

MEETING SUMMARY**Performance Management Council**

Wednesday, July 25, 2012, 9 – 10:30 a.m.

University of Southern California State Capital Center
1800 I Street, Sacramento, CA

Performance Management Updates***Michael Cohen, Chief Deputy Director, Department of Finance***

Michael updated the group on the status of Executive Order (EO) B-13-1. Key points discussed include:

- DOF and Governor's Office are taking a phased approach in implementing the EO. Rather than issues a statewide mandate for all departments and agencies, they recognize the different complexities and capabilities of the various departments. They are starting with a few departments and allowing a variety of tools that can be used to in support of performance budgeting. They are working with Department of Mental Health (now the Department of State Hospitals), Public Health, Caltrans, Department of Consumer Affairs, and CalHR to determine the best way to identify performance measures and how assess how they relate to budgets. They will add more departments over time and incorporate what they are learning from the current effort.
- Michael also discussed the Department of Corrections and Rehabilitation (CDCR) and the implementation of their "Blueprint" that seeks to implement savings targets and reduce General Fund expenditures by \$1.5 million.
- Michael also mentioned that the Department of Toxic Substance Control (DTSC) completed an assessment of their programs and eliminated some programs (based on data) to realign resources for a new "green" initiative they must implement.
- Questions from the attendees focused on the following:
 - BCP's – The current BCP form includes outcome measures and the more departments can demonstrate their performance outcomes/measures, they greater the chance for positive support from DOF and Legislature (this year is a tough year for any increase in programs, but realignment of resources such as how DTSC implemented would be a great way to address a department's priorities.)
 - CDCR reduction – The \$1.5 million General Fund reduction does not include the impact to income tax and the possible reduction to personal income tax for the State.

Stuart Drown, Executive Director, Little Hoover Commission

Stuart provided an update on GRP2 and the response the LHC received regarding their review of the Governor's plan. Key points discussed include:

- The Administration moved aggressively to reshape the structure of government with GRP1 and GRP2, which impacted the budget process as well.
- Key pieces of GRP2 are the new Transportation Agency, Government Operations Agency, and Business and Consumer Services Agency.
 - Stuart noted these new agencies provide opportunities and momentum for PMC members to make an impact in the State's performance management. (LHC promoted the value of the PMC to these agencies on p. 15 of *A Review of Government Reorganization Plan No. 2.*)

Reaction from Legislature

- The GRP2 is in law, but not statute. There will be a statute coming.
- The Assembly took this seriously and is interested in performance management, as is evident by Assembly Budget Subcommittee 6.
- Asked for changes, which were put through concurrently with GRP2.

Moving Forward

- Expect a follow-up from Subcommittee 6 and take opportunities to promote performance management vocabulary.
- LHC believes the grass roots approach to performance management is the best and that there should be a push for transparency and accountability through performance management to address issues, such as the issues that recently arose with Parks.

Questions from attendees focused on the following:

- To what extent does the CPR experience inform the current experience?
- The LHC referenced the CPR in their report on the GRP2. It will continue to be part of the discussion and leaves a residual responsibility to tune-up government.

Dave Rechs, Manager, CalHR Implementation Team

Dave spoke to the group to provide a status update on the DPA/SPB merger into CalHR, outline a few of the new department's priorities, and answer any questions from the PMC members. Key points discussed include:

Status of Merger

- CalHR became a department on July 1, 2012. Six operational programs from SPB merged into CalHR.
- Recently CalHR hosted a CalHR Launch Conference attended by more than 500 people and was viewed as a success by those in attendance.

Current Priorities

- Working to improve the Career Executive Assignment (CEA) and the Board processes
- Implement a more coordinated Statewide training effort using a mix of both virtual training and classroom training
- Create a robust workforce planning unit that will provide consultation and demographic data to departments free of charge.
- Improve communication of personnel policy memos (PML's and Pinkies) with a more targeted approach using distribution lists and making them easier to find on their new website.

Performance Management Applied in Merger

- The merger was on budget and on schedule, with staff relocation occurring ahead of schedule.
- Working groups were developed early in the merger process to implement communication and change management strategies to keep staff informed, including the development of an internal webpage dedicated to the merger.
- CalHR conducted a pre-merger staff survey, which they will follow with a post-merger survey to measure employee engagement and effectiveness of communication.

Recommendations

- Develop change management and communication strategy early.
- Communicate early and often, and preferably in simple newsletter format or staff meetings/forums with executives and staff together.

- Have the right people available for staff questions and to speak with staff about their concerns.
- Be prepared to address staff concerns about issues, such as the org chart, parking, and other logistical issues.
- For future mergers, talk early and often with DOF, SCO, and CalHR.

Questions from the attendees focused on the following:

- Are there any people familiar with change management assigned to GRP 2?
Jodi Traversaro and Joan Strohauer developed a presentation and checklist on the human side of change, which will serve as a helpful reference based on the book from John Kotter.
- Did you need to identify costs for the merger?
There was no budget, but the IT group was the first to be merged to help identify costs early and plan for appropriations. Architecture Revolving Funds (ARFs) were used to address costs.

Review of PMC Origin

Observing many new meeting attendees, Stuart Drown and Rich Callahan provided a brief review of the genesis of the PMC:

- The PMC's goal has been to change California to an outcomes-based culture that is easy for citizens to understand.
- LHC's review of IT Governance in 2008 highlighted the need for more data.
- Many departments were already doing performance management, so LHC brought together an advisory group. The group continued to meet as the PMC and created a charter for the group.
- No budget or authorization.
- PMC continues to move forward

Strategic Direction Presentation

Grace Koch, Chief of Strategic Planning, Policy, and Research, DGS

Presentation was postponed until the next meeting due to time constraints.

Meeting Frequency Discussion

It was suggested that meetings occur more frequently to allow for more presentations and discussions.

Next Meeting – Prepare to Save the Date

Given the decision about meeting frequency, the PMC next meeting will be Wednesday August 22nd. Place: USC 1800 I Street. Mark your calendars. DGS will present their Strategic Direction.

To add to this summary, please contact the PMC Co-Chairs: Louise Amegin (louse.amegin@dfi.ca.gov or 916-327-8222) and/or Grace Koch (grace.koch@dgs.ca.gov or 916-376-5031).